

BOUNTIFUL REDEVELOPMENT AGENCY

Meeting Minutes of: Tuesday, November 19, 2013

Location: City Council Chambers, Bountiful City Hall, 790 South 100 East, Bountiful, Utah

Present: Chairman – Joe Johnson; Board Members – Beth Holbrook, Richard Higginson, John Marc Knight, Fred Moss, Tom Tolman; Redevelopment Director – Aric Jensen; City Manager – Gary Hill; City Attorney – Russell Mahan

Welcome

1. Chairman Joe Johnson opened the meeting at 7:05 p.m. and welcomed those in attendance.

Agenda Items

2. **Consider approval of minutes for May 14, 2013 and June 11, 2013.**

Board Member Richard Higginson made a motion to approve the minutes for May 14, 2013 as written. Board Member Beth Holbrook seconded the motion. Chairman Johnson and Board Members Higginson, Holbrook, Knight, Moss and Tolman voted “aye.” Voting was 6-0 in favor. (Minutes for June 11, 2013 were inadvertently excluded for approval and will be included on a future RDA agenda.)

3. **Consider a loan subordination from Deseret Health Group, 290 S. Main St., Garrett Robertson, owner.**

Redevelopment Agency Director Aric Jensen presented the loan subordination request from Deseret Health Group.

Mr. Garrett Robertson, representing Deseret Landco, LLC, requests a loan subordination to their existing low interest loan for the renovation of the Duncan Lighting building at 290 S. Main Street. As a brief history, Deseret Landco received a \$250,000 loan from the RDA in October of 2010 for the renovation of the Bountiful Lumber Building. That loan was paid off in full in March of 2012 – more than three years ahead of schedule. The Agency then approved a new loan on May 08, 2012, also for \$250,000, to renovate the former Duncan Lighting building. That project is nearing conclusion, but due to a change in program the applicant has requested a \$500,000 construction loan from Zions Bank to perform tenant improvements.

In brief, the RDA is currently in a second position behind the Zions loan of \$1.42M, and the loan is secured by both the Duncan Lighting property and the Bountiful Lumber property. The value of both buildings as-is is just over \$3M, and the estimated value upon completion is \$3.37M. The current RDA loan balance is \$222,690. If the Board approves the subordination, the Agency would be in a second position behind \$1.92M, with a total as-is

loan to value ratio of 71%, and a completed loan to value of 64%. Both of these ratios are easily within the Agency policy of a maximum 80% total loan to value.

After a brief discussion, Board Member Knight made a motion to approve the proposed subordination to the proposed loan for Deseret Landco, LLC, as set forth by staff. Board Member Tolman seconded the motion. Chairman Johnson and Board Members Higginson, Holbrook, Knight, Moss and Tolman voted “aye.” Voting was 6-0 in favor.

4. Consider a loan request from Xtra Automotive, LLC, 588 W. 2600 S., Nathan Pugsley, applicant.

A representative for Mr. Pugsley presented reasons behind the request for a loan in excess of \$250,000. He asked the Board to consider the collateral of the project (estimated at \$750,000), and a loan-to-value amount of 60%. Also, that sales tax revenues generated by the business are preliminarily calculated to be \$50,000+ per year.

Redevelopment Agency Director Aric Jensen presented the Staff Report, which is as follows:

Mr. Nate Pugsley, Xtra Automotive, LLC, requests a loan of \$400,000 in order to construct an automotive dealership on the property located at 588 West 2600 South. The City Manager and Mr. Jensen met and discussed the proposal, and recommend a maximum loan value of \$250,000 based on the current Agency loan policies, which are as follows:

1. The intent and purpose of the loan program is not to be the primary funding source but to provide gap funding and/or to write down the cost of a project through partial sub-market rate financing.
2. The current loan soft-cap is \$250,000.
3. The project is not located in the Downtown area, which is the focus of this loan program.

After a brief discussion, Board Member Fred Moss made a motion to approve a loan request from Xtra Automotive, LLC, 588 W. 2600 S. Board Member Richard Higginson seconded the motion with a condition that the RDA be the first position lien holder and with the following terms:

1. Loan Value: \$400,000
2. Amortization Period: 10 years
3. Call: At end of 5 years
4. Interest Rate: 3%
5. Payment Schedule: Monthly
6. Security: Trust Deed with total LTV of 80% or better
7. Other: This offer sunsets December 01, 2014, is not assignable, and may not be extended

Chairman Johnson and Board members Higginson, Knight, Moss and Tolman voted “aye.” Board Member Holbrook voted “nay.” Voting was 5-1 in favor.

5. RDA Director's report and misc. business.

Chairman Johnson ascertained that there were no other items to discuss, and the meeting was adjourned at 7:21 p.m.